

Message Text

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72

ACTION EUR-25

INFO OCT-01 ISO-00 SS-20 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20 PA-04

USIA-15 PRS-01 DRC-01 /163 W
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R 042325Z MAR 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 2849

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PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN CA

SUBJECT: INTERNATIONAL RESERVES: FEBRUARY

1. MINFIN TURNER ANNOUNCED MARCH 4 THAT CANADA'S INTERNATIONAL RESERVES INCREASED BY \$343.8 MILLION DURING FEBRUARY TO \$6,197.2 MILLION ON FEBRUARY 28. FOLLOWING IN US MILLION DOLLARS/

US DOLLARS	4,355.3	
OTHER CONVERTIBLE CURRENCIES	11.2	
GOLD	926.9	
SDR'S	563.7	
IMF RESERVE POSITION	340.2	

2. US DOLLAR BALANCES ROSE BY 343.6 MILLIO, HOLDINGS OF OTHER CONVERTIBLE CURRENCIES DECLINED BY \$1.8 MILLION, AND CANADA'S RESERVE POSITION WITH THE IMR ROSE BY \$2.0 MILLION.

3. MONTHLY RESERVE INCREASE IS LARGEST ON RECORD -- SURPASSING PREVIOUS "FLOAT ERA" RECORD OF \$297 MILLION IN DECEMBER 1971 AND ALL-TIME RECORD MONTHLY INCREASE OF \$306 MILLION IN JULY 1962. SEVERE UPWARD PRESSURE ON
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CANADIAN DOLLAR CAUSED AVERAGE DAILY CLOSING RATE FOR

US DOLLAR TO FALL TO C\$.9762 IN FEBRUARY FROM C\$.9912
IN JANUARY.

4. WHILE GOC DOES NOT COMMENT ON ITS DAY-TO-DAY
ACTIVITIES IN EXCHANGE MARKET, BANK OF CANADA SOURCES
HAVE TOLD US INFORMALLY THAT IT INTERVENES TO STEM
"DISORDERLY MARKET" WHEN SPOT RATE THREATENS TO VARY
EITHER WAY BY MORE THAN C\$0.0025 PER DAY. DURING
FEBRUARY'S TWENTY MARKET TRADING DAYS, CLOSING RATE
VARIED BY MORE THAN THIS AMOUNT ON THREE SEPARATE
OCCASIONS AND BY JUST UNDER THIS AMOUNT ON THREE
OTHERS. MOST PRONOUNCED MOVE OCCURRED ON FEBRUARY 13
WHEN US DOLLAR FELL BY C\$0.0038 (ON SAME DAY, FINANCE
DEPT. OFFICIAL TOLD US OF "VERY SUBSTANTIAL" SPECULATIVE
PRESSURE ON APPRECIATING CANADIAN DOLLAR -- OTTAWA 526).

5. DAILY CLOSING RATE FOR US DOLLAR AS REPORTED BY
BANK OF CANADA VARIED FROM HIGH OF C\$.9865 FEBRUARY 1
TO LOW OF C\$.9680 FEB 27.
JOHNSON

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NNN

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